

FOREIGN POLICY ASSOCIATION

Information Service

VOL. III—NO. 10

JULY 20, 1927

CONTENTS

	Page
Conflicting Purposes of Soviet Foreign Policy	137
Review of Soviet Relations with Foreign Powers	139
Period of Intervention and War, 1918-20	139
First Period of Recognition	139
Russo-German Alignment at Rapallo	141
Foreign Powers Hold Aloof During 1922-23	141
Second Period of Recognition	142
Anglo-Russian Friction, 1925-26	143
Soviet Fear of "Encirclement" by European Powers	144
Rise and Fall of Soviet Influence in China	144
The Anglo-Russian Break	145
Text of Soviet Neutrality Treaties with Turkey, Lithuania and Germany ..	148-151

Published bi-weekly by the Research Department of the FOREIGN POLICY ASSOCIATION, 18 East 41st St., New York, N. Y.
JAMES G. McDONALD, *Chairman*; Subscription Rates: \$5.00 per year; to F. P. A. Members, \$3.00; Single Copies, 25c.

Developments In Russia's Foreign Relations

THE political and economic consequences of the recent Anglo-Russian break, both as they affect the policies of the principal European powers and the future development of the Soviet Government, continue to occupy the attention of the world. While no other government has followed the lead of Great Britain in breaking off diplomatic relations with Russia, the course of events since early June indicates the seriousness with which Europe views the situation brought about by the closing of the British and Russian Embassies in Moscow and London.

Evidence of the tension created by the break in both Europe and Russia is to be found in the serious diplomatic crisis which followed the assassination of the Soviet Ambassador to Poland on June 7, Russia's abnormal fear of intervention by a British organized European bloc and British apprehension of a Soviet attack on Poland. Additional symptoms of Europe's concern were seen in the secret discussions of the principal European Foreign Ministers at the June session of the League of Nations Council, in the course of which Sir Austen Chamber-

lain was reported to have raised the question of a joint note to Russia and the passage of troops across Germany, the denunciation of Soviet propaganda by Ambassador Herrick in Paris and by M. Sarraut in the French Chamber.

At the present time, fear of immediate disturbances has passed. But the larger question of the future development of Russia's relations with the powers remains. The next few months will determine whether or not the powers will take concerted action, political or economic, against the Soviet Government, and whether Soviet policy will continue to follow the lead of the Third International, with its object of world revolution, or the alternative nationalist policy of security.

SOVIET FOREIGN POLICY

A brief characterization of Soviet foreign policy is an essential preface to a review of Russia's relations with the powers. A key to the apparent contradictions in policy which have marked the conduct of Russia's

foreign relations since 1917 is found in the sharp difference between the dictates of nationalism, on the one hand, and the object of world revolution on the other. The co-existence of these two motivating forces throughout the past ten years makes it difficult to analyze Soviet foreign policy in any given geographical region. In point of time, however, the policy pursued by the Soviet Government may be divided into two main periods, the first marked by the dominance of the principle of world revolution, the second by occasional nationalist manifestations. While nationalist policies have in recent years appeared at times to be guiding Soviet foreign policy, nevertheless the revolutionary objectives of the Government have continued to find expression in foreign propaganda, frequently injurious to Russia's national interests.

WORLD REVOLUTION VS. NATIONAL SECURITY

During the first period, from 1918 to 1920, the triumph of world revolution was the primary objective of Soviet policy. The Third International was created almost at the outset for the purpose of extending the dictatorship of the proletariat to foreign countries and was heavily subsidized by the Soviet Government in spite of the poverty of the treasury and the pressing economic needs of the country. It supported, if it did not actually direct, the Hungarian revolution of March, 1919, and it exerted every effort to bring about a Bolshevik revolution in Germany during the chaotic period of 1918-1919. With less hope of success it cooperated with Communist groups in England, France and the United States. Revolutionary propaganda, begun in the West, was extended to the East, where it was carried on with varying success in the Dutch East Indies and China.

But, in spite of its renunciation of imperialism and Russian nationalism, the Soviet Government has not been able to avoid completely the implications of Russia's geographical position and her economic needs. Beginning in 1920, when the Government appealed to all parties to assist it in expelling the Polish armies from southern Russia, nationalist interests have held a place in the foreign policies of the Soviet

Government. The refusal of Moscow to recognize the annexation of Bessarabia by Rumania, the retention of the Caucasian States—Azerbaijan, Armenia and Georgia—within the Soviet union by force of arms during 1920-21, and the extension of the Soviet protectorate over Mongolia, are manifestations of a policy closely akin to that pursued by Russia prior to the revolution.

The attitude of the Soviet Government toward political developments in the Far East during the past few years has revealed the continued conflict between these two principles. The aid given to the nationalist movements in Turkey, Persia and China has been accepted by some observers as a clear manifestation of the reappearance of traditional Russian policy. It should be pointed out, however, that in contrast to the Asiatic policy of Imperial Russia, designed to weaken her neighbors and subject them to economic exploitation, the policy of Soviet Russia has been directed toward strengthening the forces of nationalism and undermining foreign economic imperialism. In supporting the nationalist parties in Turkey and Persia, the Soviet Government hoped not only to convert them to Communism but to hasten the downfall of foreign capitalism. While both Turkey and Persia willingly accepted Bolshevik aid, when they were struggling to establish nationalist governments, they quickly rejected Communism once they were victorious. More recently, Soviet policy in China has received a similar setback. In April, 1927, the moderate wing of the Nationalist Party, led by General Chiang Kai-shek, split with the radical faction which had been directed by Soviet agents. Within the next three months Russian influence was being denounced as inimical to the best interests of the Chinese nationalist movement.

At the same time that the Soviet Government was pursuing its revolutionary policy in China, the necessities of national security and economic expansion were compelling it to conclude treaties of neutrality or commerce with Turkey, Germany, Italy, Sweden, Norway, Greece, Afghanistan, Lithuania and Latvia. The political and economic motives which impelled the Soviet Government to negotiate these treaties are in sharp contrast

to the motives inspiring the policy of world revolution. The action of Great Britain in breaking off diplomatic relations with Russia has confronted the Soviet Government with the question of deciding between these two policies.

RELATIONS WITH FOREIGN POWERS

The history of relations between the Soviet Government and the powers may be divided for convenience into three main periods:

1. The period of complete rupture of relations following the Bolshevik revolution, accompanied by the intervention of a number of foreign powers in an attempt to hasten the overthrow of the Soviet Government. This period extended roughly from 1918 to 1920.

2. The period following the collapse of the anti-Bolshevist forces. During 1920-21, the neighbors of Russia—the Baltic states, Poland, Turkey, Persia and Afghanistan—entered into diplomatic relations, while a number of larger powers, including Great Britain, Germany and Italy, recognized the Soviet Government *de facto* and entered into trade relations with Russia.

3. The period beginning in 1924, when *de jure* recognition was extended to the Soviet Government by almost all countries except the United States. This apparent improvement of relations between Russia and the outside world was interrupted in May, 1927 by the Anglo-Russian break.

I. INTERVENTION AND WAR, 1918-1920

Following the Bolshevik revolution of October, 1917, the newly established Soviet Government found itself almost completely isolated from the outside world. The negotiation of a separate peace with Germany at Brest-Litovsk in March, 1918, the nationalization of private property, the repudiation of foreign debts and the inauguration of a world revolutionary movement was followed by the withdrawal of the diplomatic representatives of all the powers. Few foreign powers at the time believed that the new régime would last and the period which followed was characterized by efforts on the

part of the powers to hasten the collapse of the Moscow government, which they believed imminent, and by Bolshevik efforts to bring about a world revolution.

Foreign intervention was first organized, following the conclusion of the separate peace between Russia and Germany, in order to prevent the latter from securing important supplies of war materials at Archangel and Vladivostock. But the primary object was soon lost sight of in the confusion brought about by the civil war between the White armies and the Moscow Government. The subsequent course of events is too well known to need repeating. Allied troops entered into close relations with the counter-revolutionary forces in Siberia, Caucasus, southern Russia, the Baltic region and Archangel. By order of the Allied Supreme Council Russia was blockaded and practically all trade with the outside world cut off. This chaotic state of affairs continued until the defeat of the White armies in 1920.

II. FIRST PERIOD OF RECOGNITION

The first countries to enter into diplomatic and economic relations with the Soviet Government were Russia's immediate neighbors. In 1920, Esthonia, Lithuania, Latvia and Finland concluded treaties recognizing the Soviet Government *de jure* and defining their frontiers. In the following year, Persia, Afghanistan, Turkey and Outer Mongolia entered into treaty relations with the Soviet Government. Hostilities with Poland, however, continued through another year. In 1920, Marshal Pilsudski demanded that the eastern boundary of Poland correspond with the historic frontier of 1772 and in April, 1920 he started an offensive in the south which led to the occupation of Kiev. The Soviet Government rallied its forces, and the Polish armies were defeated and forced to retreat to Warsaw. The capital was finally saved only through the timely assistance of France. By 1921, both sides were exhausted and peace was signed at Riga in April.

Great Britain was the first Allied power to enter into relations with the Soviet Government. The unpopularity of the policy of intervention increased rapidly with the

failure of the military expeditions, and the British Labor Party, which made rapid gains after the armistice, organized a vigorous opposition against continued hostilities. Although foreign troops were still maintained in Russia, the war weariness of Europe, following the cessation of hostilities on the western front, made active military operations against the Soviet Government almost impossible. In a public address delivered on February 10, 1920, Prime Minister Lloyd George admitted the failure of intervention and urged resumption of trade relations with Russia. He asserted that foreign commerce would act as a sobering influence upon the extreme doctrines promulgated by the Soviet Government and would prove of inestimable value in the rehabilitation of British trade and industry.

RESUMPTION OF TRADE RELATIONS

The Soviet Government was itself sorely in need of peace. The cost of its two year struggle to repel the attacks of its enemies and to establish the Communist system resulted in the collapse of both production and trade. In 1920, the country was on the verge of a serious famine. The mass of the people were exhausted by war, revolution, terror and hunger. Recognizing the disastrous results produced by isolation, the Soviet Government finally made an effort to reestablish relations and engage in trade with foreign countries in 1920-21.

In March, 1921, a Trade Agreement was signed with Great Britain by which Russian shipping received the right to navigate the seas and engage in trade in the British Empire. One condition contained in the treaty, however, led to complications which lasted through the following years, and ultimately contributed to the break in diplomatic relations in May, 1927. This provided that each party refrain from hostile action or propaganda against the other.

The example of Great Britain in reestablishing trade relations with Russia was followed by Germany and Italy who, in the course of 1921, concluded similar treaties with the Soviet Government. Overtures for recognition made by the Soviet Government to the United States in 1920-21 failed to meet with success. Secretary Colby declined

to consider recognition of the Soviet Government and declared on August 10, 1920 that "the existing régime in Russia is based upon negation of every principle of honor and good faith and every usage and convention, underlying the whole structure of international law; the negation, in short, of every principle upon which it is possible to base harmonious and trustful relations, whether of nations or of individuals."

QUESTION OF DEBTS DELAYS RECOGNITION

One of the greatest barriers to the reestablishment of commercial and diplomatic relations with the outside world was the repudiation of foreign debts by the Soviet Government in 1918. The total foreign indebtedness of Russia, exceeding eight billion dollars, was in default and, until the promulgation of the New Economic Policy by Lenin in 1921, no action had been taken to settle the claims of foreign governments and private persons who had sustained losses in Russia. In October of that year, however, an offer was made by M. Chicherin, the Soviet Foreign Minister, to recognize the debts on the condition that immediate credit facilities be extended to the Soviet Government to enable it to make the first instalments on the debts, and to undertake economic reconstruction.

The Genoa Conference of 1922, brought about principally through the efforts of Premier Lloyd George for the purpose of discussing claims and counter-claims arising from the debt controversy, failed to reach an agreement. The Conference was attended by all of Russia's creditors with the exception of the United States. The creditors demanded that the Soviet Government recognize all public debts and obligations, that they compensate all foreigners for loss or damage caused to their property and that the Soviet Government establish a juridical system which would sanction and enforce commercial and other contracts with impartiality. In its counter-proposal the Russian delegation refused to recognize its foreign debts, public or private, without first obtaining assurance of credits and a moratorium on payments.* Negotiations were later

*For further details see "The Foreign Debt Policy of the Soviet Government." Information Service, Volume II, No. 19.

continued at The Hague, but without success.

Meanwhile the conduct of negotiations at Geneva had convinced both the German and the Russian Governments that they had little to gain from the Conference, and finding themselves excluded from the councils of the other powers, they secretly reached an understanding which was embodied in the Treaty of Rapallo, signed in April, 1922. The conclusion of this secret agreement in the midst of the Genoa negotiations came as a distinct shock to the Allies, who saw in the new alignment a threat to the security of Europe.

RUSSO-GERMAN ALIGNMENT AT RAPALLO

The reasons which brought Russia and Germany together at Genoa are clarified in a brief review of relations between the two countries since 1918. The close economic and political ties which had formerly bound Germany and Russia were broken by the World War. Immediately following the separate peace at Brest-Litovsk in March, 1918, the German Government endeavored to reestablish its economic interests in Russia, but the German plans for extending economic control were cut short by the armistice and the refusal of the Allies to recognize the terms of the treaties concluded by the German Government with Soviet Russia.

The economic and moral depression in Germany, which followed the settlement of the peace terms, was exploited by the Third International and the Soviet Government in an effort to advance the policy of world revolution. Assistance was given to the German Communist movement, which had gained in strength following the collapse of the German armies on the western front, and, until the murder of Rosa Luxemburg and Carl Liebknecht deprived the German Communists of their leaders in December, 1918, it appeared as though Russian propaganda might be successful.

Despite the close relations between the Third International and the German Communist movement, a treaty reestablishing relations between the two countries was signed as early as 1921. The Rappalo Treaty further expressed the needs felt by the two

powers for closer economic and political collaboration. Both were on friendly terms with the Allies and outside the concert of Europe. The treaty provided for *de jure* recognition of the Soviet Government and the renunciation by each government of war claims and pre-war indebtedness. Should Russia eventually indemnify the other governments, however, Germany was to receive similar treatment.

The contradictory character of Soviet foreign policy is illustrated by events which followed rapidly upon the conclusion of the Rapallo treaty. The intervention of France in the Ruhr in 1923 and the consequent disorders which took place were accepted by the Third International as a signal to renew its efforts to bring about a revolution in Germany. M. Karl Radek, who had taken part in the earlier revolutionary movement in Germany, was dispatched to Germany to assist the Communist party in gaining control of the government. In the autumn of 1923 it appeared that Bavaria, on the one hand, and Saxony and Thuringia on the other, might be carried away respectively by Fascist and Communist movements. The failure of M. Radek to act quickly and the action of President Ebert in proclaiming martial law throughout the Reich on September 27, 1923, however, prevented the success of the Communist drive.

FOREIGN POWERS ALOOF DURING 1922-23

For almost two years following the Genoa Conference, no foreign power attempted to enter into closer relations with the Soviet Government. The United States continued its policy of refusing to recognize the Soviet régime. Secretary Hughes, in July, 1923, declared that the Soviet Government could not be recognized until the United States received "convincing evidence of the desire of the Russian authorities to observe the fundamental conditions of international intercourse and the abandonment by them of the persistent attempt to subvert the institutions of democracy as maintained in this country and others." France likewise withheld recognition of the Soviet Government.

During this period Anglo-Russian relations based on the Trade Agreement of 1921

were disturbed by a series of incidents which in May, 1923 threatened a break when Lord Curzon, British Secretary of Foreign Affairs, delivered an ultimatum to the Soviet Government. The crisis passed on June 4, however, when the Soviet Government repeated its undertaking not to conduct anti-British propaganda, promised compensation with regard to claims arising out of the execution and imprisonment of British subjects in Russia and withdrew two of its notes which had been characterized by Lord Curzon as "studied affronts."

III. PERIOD OF *DE JURE* RECOGNITION

But the gradual stabilization of Europe, the growing importance of foreign trade, and the political victories of the Labor Party in Great Britain and the Socialist Party in France, opened the way to a new period in Russian foreign relations in 1924.

Within less than three weeks after the Labor Government came into power in Great Britain, Prime Minister MacDonald accorded *de jure* recognition to the Soviet Government, February 1, 1924. Recognition was granted without any conditions and discussion of the vexatious question of debts and claims was postponed for future adjustment. Italy, who had been negotiating with Russia for several months, quickly followed the lead of Great Britain in recognizing the Soviet Government *de jure* on February 7. Similar action followed on the part of Norway (February 15), Austria (February 25), Sweden (March 15), Hedjaz (March 30), China (May 31), Denmark (June 18), Mexico (August 4), and France (October 28).

With Britain and Russia both anxious to improve commercial relations a conference was called in London in April, 1924, for the purpose of drawing up a full commercial treaty and reaching a settlement of financial claims arising out of the repudiation of debts and the confiscation of property. The conference ran into difficulties on the questions of debts and claims. The treaty, which was finally signed by the Labor Government in August, 1924, actually left unsettled all of the financial questions. It merely stipulated that as soon as possible the terms of

payment of Russia's pre-revolutionary debts and the private claims of British and Russian subjects would be settled by mutual agreement. The defeat of the Labor Government in November and the publication of the famous Zinovieff letter, which purported to prove the existence of close relations between members of the Labor Party and the Third International, combined to prevent the ratification of the treaty.

Prime Minister Baldwin upon assuming office refused to submit the 1924 treaty signed by his predecessor to ratification by Parliament and retained only the Trade Agreement of 1921 as the basis of Anglo-Russian relations.

While commercial relations between Germany and Russia had improved steadily since Rapallo, a serious breach between the two countries was threatened in 1924 by an incident which occurred at the offices of the Soviet Trade Delegation in Berlin, closely analogous to the recent Arcos raid in London. As a result of the political activity of members of the Trade Delegation, the German police, on March 3, raided the building and submitted it to a careful search. M. Krestinsky, Soviet Ambassador, protested to Herr Stresemann against the action of the police, declaring it to be a violation of the extraterritorial rights of the Trade Delegation as well as of diplomatic usage. An active diplomatic correspondence ensued, in the course of which the Russian Trade Delegation in Berlin and the branch offices at Leipzig and Hamburg closed their doors. Russian participation in the Leipzig Fur Auction and the Cologne Fair were cancelled as a sign of protest. The serious losses to both sides from the embargo on trade soon produced more conciliatory gestures, however, and on July 29, after two months of negotiations, a protocol was signed, covering the adjustment of the controversy. Germany agreed to declare the measures taken by the Berlin police to be an arbitrary action and offered compensation for material damages done, while the Soviet Government reaffirmed its promise to take no part in the internal political life of Germany. The negotiation of a commercial treaty in October, 1925, was followed by improved relations.

RUSSO-GERMAN RELATIONS SINCE LOCARNO

The conclusion of the Locarno agreements, bringing Germany into the political orbit of the western powers late in 1925, aroused considerable anxiety on the part of the Soviet Government, which viewed the settlement as a concerted move toward Russia's isolation. M. Chitcherin on December 21, 1925, expressed the apprehension of Moscow in the following words: "The agreement gives the British Government an opportunity to exert powerful pressure upon Germany, as a result of which Germany may be forced against her own will to change her attitude toward the Soviet Government." One of the conditions of the Locarno treaties was the admission of Germany to the Council of the League of Nations. The unforeseen difficulties which arose at the March meeting of the Council necessitated postponement of Germany's admission until September 11, 1926.

Meanwhile, without warning, on April 26, 1926, Germany concluded a treaty of neutrality with Russia. Not only does this treaty provide that the two countries "will remain in friendly touch with one another" to ensure mutual understanding on all questions of political or economic importance, but also that each will remain neutral in case the other is the victim of unprovoked attack. The terms also provide that "should . . . a coalition be formed between third parties for the purpose of imposing upon one of the contracting parties an economic or financial boycott, the other contracting party undertakes not to adhere to such coalition." Furthermore, in an appended letter, Dr. Stresemann declared that should any move directed solely against the U. S. S. R. take shape within the League of Nations, Germany would be opposed to such a move.*

The question as to whether the Russo-German treaty conflicts with Articles 16 and 17 of the League Covenant, by which a power may be called upon to join in a boycott against an offending nation, has never been fully discussed by the League Assembly. The treaty of neutrality remains an undertaking by which Germany will main-

tain a friendly attitude with respect to Russia in the face of any coalition having as its purpose intervention or economic boycott of the U. S. S. R.

ANGLO-RUSSIAN FRICTION

While Russo-German relations showed renewed improvement, following the raid of the Soviet Trade Delegation in Berlin, the persistence of Communist propaganda in Great Britain led to increasing friction between the Conservative Government and Moscow. Two incidents during 1925 and 1926 sharpened the latent antagonism between the two countries. In October, 1925, the arrest of British Communist leaders in London led to the publication of evidence revealing a close relationship between the Communist Party of Great Britain and the Third International, and the receipt of funds by the party from Moscow. Although the influence of the Communist Party in British politics was small, the disclosures aroused the resentment of the Tory cabinet. The later announcement that subsidies were being received from Russia by the Federation of Miners in May and June, 1926, during the coal strike, served to intensify the antagonism of the British Government.

The seriousness of the crisis brought about by the general strike in May, 1926, and the coal strike which continued after settlement of the general strike, made the support granted by Russian labor unions to the British strikers an issue of the first magnitude. In the parliamentary debates of June 10, Sir Austen Chamberlain declared that he had warned the Soviet Chargé d'Affaires that anti-British propaganda was one of the main obstacles to any improvement in Anglo-Russian relations, and he was indisposed to new negotiations as long as it continued. He declared that he had protested to the Soviet Government against special authorization for the transfer to England of funds amounting to approximately £380,000, destined for the support of the British strikers. Perhaps it was this incident that went farthest in preparing the ground for the diplomatic break which occurred in May, 1927.

*See Annex II, p. 150 for full text.

THE "ENCIRCLEMENT" OF RUSSIA

Meanwhile, Russia had become firmly convinced that the policies of the Western powers and particularly of Great Britain were being directed toward "encirclement" of the Soviet Union. Following Locarno, every political incident that occurred in Europe was taken to indicate a step toward the fulfillment of this policy. "The object of British diplomacy both in preparing Locarno and during the Locarno Conference," declared *Izvestia*, official organ of the Central Executive Committee, "was the strategic surrounding of the U. S. S. R., which was to be carried out through the severance of relations between Germany and Russia through the absorption of Germany within the orbit of British diplomacy."

The *coup d'état* of Marshal Pilsudski on May 12, 1926, Sir Austen Chamberlain's understanding with Premier Mussolini at Leghorn, September 30, 1926, and the Fascist "coup" in Lithuania, December 17, 1926, were each accepted as fresh evidence of the designs of the powers. The fears of the Soviet Government were reflected in the successful effort to strengthen its understanding with Turkey at the meeting between the Foreign Ministers of the two countries at Odessa in November, 1926. The Turkish Ambassador at Berlin announced that his country would "on no account join in the ring of hostility with which England tries to surround the U. S. S. R. We realize perfectly that every blow dealt the U. S. S. R. will have a most painful repercussion in Turkey." The Soviet Commissar for the Army and Navy, M. Voroshilov, on January 23, 1927, expressed the fears of the Soviet Government as follows:

"We do not expect any unpleasance from our Eastern neighbors, neither from Afghanistan, Persia or Turkey. Our relations with these eastern powers are normal and even friendly. What concerns us is our western border. Here the situation, to our great regret, is quite bad and an attack may be expected from this side. Behind these powers stand powerful states who regard us with no great love. British imperialists are the inciters of all our western neighbors. She cannot reconcile herself with our existence and ascribes all her difficulties, of which there are a great number, to us and believes that the best way to overcome the burdensome economic and political diseases which she has acquired

during the past years is by struggling against us. The only impediment to the fulfillment of this policy is the absence of propitious conditions. These conditions are a coordination against us of all our western neighbors whose incitement against us is being carried out with the greatest care and frankness."

RUSSIA'S EASTERN POLICY

The growing tension in Anglo-Russian relations was reflected in the critical situation which developed in China with the rise of the Chinese nationalist movement. As pointed out above, the chief element in Russia's Asiatic policy has been the stimulation of Asiatic nationalism for the purpose of directing this new political weapon against the "imperialist powers." It was applied in Persia, Turkey and Afghanistan with some success, but while the nationalist forces in these countries took advantage of aid received from Russia, and the Soviet Government concluded neutrality treaties with Turkey and Afghanistan, none of these countries were converted to Bolshevism.

China has been the chief sphere of Soviet diplomatic activity in Asia during 1926 and 1927. The reestablishment of diplomatic relations in 1924 and the renunciation of Russian extraterritorial rights greatly strengthened the contact already established with the southern Nationalist Government.

The close official relationship existing between the Communist International and M. Borodin, adviser to the Nationalist Party, was subsequently established in documents discovered during the raid upon the Russian Embassy in Peking on April 6, 1927. Sir Austen Chamberlain, in the course of the parliamentary debates in February, 1927, accused the Soviet Government of inciting the Cantonese Nationalist Party to a campaign of anti-British propaganda. In turn, Britain was denounced in Moscow as attempting to keep the Chinese people in a state of "colonial slavery."

The tension between Russia and Britain was suddenly brought to a head when Sir Austen Chamberlain on February 23, 1927, dispatched a note of warning to the Soviet Government, complaining against the continuation of propaganda and violation of the Trade Agreement of 1921. "The continuation of such acts as here complained

of," he declared, "must sooner or later render inevitable an abrogation of the Trade Agreement . . . and even the severance of ordinary diplomatic relations." The British Foreign Secretary cited at considerable length alleged hostile utterances against the British Government on the part of Soviet officials which had appeared in the Russian press and in interviews granted to foreign correspondents.

The reply of the Soviet Government, dated February 26, 1927, demanded that the British Government present concrete cases in support of the accusations made by Sir Austen Chamberlain. The note read in part: "Sir Austen Chamberlain . . . brings forward not one case of contravention by the Soviet Government of that agreement, i. e. not one case of 'the sowing of discontent or fomenting of disturbance in any part of the British Empire.'" The note concluded by declaring that the British Government would be held responsible for any cessation of Anglo-Soviet relations.

"Diehard" Conservative opinion in Great Britain was not entirely satisfied with what it termed the excessive moderation of the Chamberlain note. On the other hand, the Liberal and Labor Parties were not as hostile as might have been expected. The principal idea of the note, that Soviet interference with Britain's domestic affairs was inadmissible, was supported by both Mr. MacDonald and Mr. Lloyd George. Despite the tension created by the exchange of notes, a crisis was avoided for the time being and Sir Austen Chamberlain, in the course of a debate in Parliament, declared that he would oppose a sudden breach with Russia in view of the unfortunate effects it would have in Europe.

The next few months witnessed the virtual collapse of Soviet influence in China. Shortly after the raid on the Russian Embassy in Peking the moderate wing of the Chinese Nationalist party split with the radical faction and set up a new government at Nanking under the leadership of General Chiang Kai-shek. The Communist faction at Hankow was denounced by the moderates, who declared that the policies advocated by Borodin and the other Russian advisers were incompatible with the true aims of Chinese

nationalism. The defection of General Feng Yu Hsiang, who joined the moderates on June 22, left the Hankow radicals without an army or effective military leadership to carry on.

In April, the Soviet Government suddenly decided to send a delegation to the International Economic Conference at Geneva. M. Ossinski, chief Russian representative, urged a cessation of all forms of political and economic boycott against Soviet Russia, the establishment of relations based upon the recognition of the inevitable coexistence of the Communist and capitalist systems, and the granting of credits to Russia in exchange for concessions. While the Geneva Conference was still in session, a sensational raid on the Russian Trade Delegation's headquarters in London took place and was followed a week later by a rupture of diplomatic and commercial relations between Great Britain and Russia.

THE ANGLO- RUSSIAN BREAK

The reason given by the British Government for the raid of the Soviet Trade Delegation and Arcos, Ltd., the principal Russian trading agency in Great Britain, on May 12, was the disappearance of a secret document from the British War Office. While the missing document was not found in the course of the raid, the British Prime Minister reported that abundant proof was discovered both of military espionage and subversive activities throughout the British Empire.

In the light of the new evidence disclosed during the search of Soviet House, Prime Minister Baldwin demanded the severance of diplomatic relations with Russia and was supported in the House of Commons on May 24. Sir Austen Chamberlain in his note handed to M. Rosengolz, formally notifying the Soviet Government of the termination of the Trade Agreement, declared in part:

"I would remind you that your own telegram in which you request material to enable you to spread a Bolshevik campaign in this country against His Majesty's Government was dispatched within a few weeks of the warning conveyed to your Government in my note to you of February 23, last. . . .

"There are, as I warned you on February 23 last, limits to the patience of His Majesty's

Government and of public opinion here, and these limits have now been reached. . . His Majesty's Government have decided that they can no longer maintain diplomatic relations with a government which permits and encourages such a state of things as has been disclosed."

BASIS OF SOVIET REPLY

The Soviet Government did not wait for the breaking off of diplomatic relations to protest against the raid on Soviet House. The protest was based on the ground that the act was a flagrant violation of diplomatic immunity accorded to the official trade agent of the U. S. S. R. in Great Britain by the Trade Agreement of 1921. M. Litvinov, Acting People's Commissar for Foreign Affairs, made the following statement in his note to the British Chargé d'Affaires in Moscow, May 17:

"The principle of the immunity of the Trade Delegations and representations of the Soviet Union has now been recognized by nearly all the countries with which the Soviet Government has Treaty relations. No objections were raised against this principle by the British Government in the person of Sir Robert Horne, then President of the Board of Trade, who in 1921 carried on negotiations with the late M. Krassin. This principle was embodied in the fifth article of the Soviet-British Trade Agreement of 1921, which has now been violated by the British authorities in the grossest and most insulting manner."

Article V of the Trade Agreement between His Britannic Majesty's Government and the Government of the U. S. S. R. follows:

"Either party may appoint one or more official agents to a number to be mutually agreed upon, to reside and exercise their functions in the territories of the other, who shall personally enjoy all the rights and immunities set forth in the preceding Article and also immunity from arrest and search. . . .

"Official agents shall be at liberty to communicate freely with their own Government and with other official representatives of their Government in other countries by post, by telegraph and wireless telegraphy in cypher and to receive and despatch couriers with sealed bags subject to a limitation of 3 kilograms per week which shall be exempt from examination."

Prime Minister Baldwin in his statement on the Arcos raid made in the House of Commons on May 24 did not specifically mention the question of immunity. In the course of his address, however, he stated:

"No effective differentiation of rooms or duties

was observed as between the members of the Trade Delegation and the employees of Arcos, and both these organizations have been involved in anti-British espionage and propaganda.

"The Soviet Government cannot escape responsibility for the actions of the Trade Delegation and the abuse of the facilities afforded it."

The British Government justified its action on the ground that the Soviet Government was using the Soviet House in London as the center of an extensive propaganda campaign in direct violation of the condition on which the Trade Agreement of 1921 was based.

THE EFFECT OF THE BREAK

The Anglo-Russian break was not followed by similar action on the part of other states having relations with the Soviet Government. M. Briand declared to M. Chicherin, on May 24, that France was not tied to England's policy toward Russia, but that she would take firm measures against any continuance of foreign propaganda by the Soviet Government. The attitude of Germany to the Anglo-Russian break was that of strict official neutrality.

While the Soviet Government has openly expressed fear that the diplomatic break is a prelude to British intervention, and has again accused Sir Austen Chamberlain of attempting to form a united front against Russia, there is little evidence to support the view that the controversy will lead to open hostilities.

At the same time, during the June session of the League Council, Sir Austen Chamberlain was reported to have asked Germany and the powers to join in a note to Moscow protesting against Communist propaganda. This proposal, however, was not accepted. The development of a critical diplomatic situation between Russia and Poland following the assassination of the Soviet Ambassador in Warsaw, led to discussion at Geneva of Germany's attitude in the event of a Polish-Russian war. The British Foreign Minister inquired of Dr. Stresemann whether Germany would permit the transfer of troops to Poland through the Reich. This question, which affects Germany's obligations as a member of the League and her neutrality agreement with Russia, was not

answered at the time, and the subsequent adjustment of Polish-Russian differences made it unnecessary for the German Government to commit itself. Throughout the discussions following the Anglo-Russian break, Germany showed a clear desire to avoid committing itself to either Great Britain or Russia.

While concerted political action is unlikely because of the attitude of Germany and France, the possibility of a British financial boycott is less remote. The Anglo-Russian break came on the eve of the conclusion of an agreement whereby the Midland Bank of London was to extend trading credits to Russia to the sum of £10,000,000. Negotiations were curtailed with the Arcos raid and London banks have since refused to discount Russian notes. Whether the German Government will continue its policy of encouraging commercial relations with Soviet trading agencies, which led to the extension of government guaranteed credits to the total of 300,000,000 marks in 1926, is a matter of conjecture. The provisions of Article 3 of the Russo-German treaty of neutrality of 1926, which were quoted above, apparently preclude the possibility of Ger-

many's joining England or the other nations in an economic or financial boycott directed against Russia. The Anglo-Russian break, however, has more directly affected Central Europe. The Austrian Government had planned to guarantee certain business in Russia, but owing to the impossibility of getting Russian bills discounted in London, the proposal is understood to have been abandoned.

The effect of the break on the foreign policies of the Soviet Government remains uncertain. Soviet policy in China and western Europe, however, has been the subject of bitter criticism among the Opposition group in the Communist Party. In answer to these questions the praesidium of the Central Control Committee of the Communist Party on June 26 recommended the dismissal of the Opposition leaders from the Central Committee for violation of party discipline. A forthcoming meeting on August 1 is to consider this question in detail. While no definite action indicating a change in Soviet policy has as yet been taken, it is possible that out of the present discussion in Russia a new line of foreign policy will be developed.

List of References

- British-Soviet Rupture.* (European Economic and Political Survey. May 31, 1927. p. 585-93.)
- Coolidge, A. C. *Ten Years of War and Peace.* Cambridge, Harvard University Press, 1927.
- Davis, M. W. *Soviet Recognition and Trade.* (Foreign Affairs [New York] July, 1927. p. 650-62.)
- Dennis, A. L. P. *The Foreign Policies of Soviet Russia.* New York, Dutton, 1924.
- Foreign Policy Association. *The Foreign Debt Policy of Soviet Russia.* (Information Service. Vol. II, No. 19. Nov. 29, 1926.)
- The Russian Economic Situation.* (Information Service. Vol. III, No. 6. May 25, 1927.)
- State Capitalism in Russia,* by Savel Zimand. (Information Service. Supplement No. 2. June, 1926.)
- Great Britain. *Trade Agreement between His Britannic Majesty's Government and the Government of the Russian Socialist Federal Soviet Republic,* March 16, 1921. London, H. M. Stationery Office, 1921. (Cmd. 1207.)
- Great Britain. Foreign Office. *Russia No. 1 (1927). Note from His Majesty's Government to the Government of the Union of Soviet Socialist Republics respecting the Relations Existing between the Two Governments and Note in Reply, February 23/26, 1927.* London. H. M. Stationery Office, 1927. (Cmd. 2822.)
- Russia No. 2 (1927). Documents illustrating the Hostile Activities of the Soviet Government and Third International against Great Britain.* London. H. M. Stationery Office, 1927. (Cmd. 2874.)
- Great Britain and Russia: Political Relations.* (European Economic and Political Survey. March 31, 1927. p. 381-99.)
- Russian Foreign Relations.* (European Economic and Political Survey. June 15, 1927. p. 633-9.)
- Simonds, F. H. *England's Quarrel with Russia.* (American Review of Reviews. July, 1927. p. 55-63.)
- Soviet Union Review, published monthly by the Soviet Union Information Bureau, Washington, D. C.
- Wheeler-Bennett, J. W. and Langermann, F. E. *Information on the Problem of Security (1917-1926).* London, Allen and Unwin, 1927.

ANNEX I

RECOGNITION OF THE U. S. S. R. FROM FEBRUARY, 1920 TO DATE

Country	De Jure Recognition	De Facto Recognition	Complete Commercial Treaties	Treaties of Neutrality & Friendship
Estonia	Feb. 2, 1920	.....	.....	.....
Lithuania	July 12, 1920	.....	.....	Sep. 28, 1926
Latvia	Aug. 11, 1920	.....	.....	.....
Finland	Oct. 14, 1920	.....	.....	.....
Persia	Feb. 26, 1921	.....	.....	.....
Afghanistan	Feb. 28, 1921	.....	.....	Aug. 31, 1926
Turkey	Mar. 16, 1921	.....	Mar. 11, 1927	Dec. 17, 1925
Poland	Mar. 18, 1921	.....	.....	.....
Mongolia	Nov. 5, 1921	.....	.....	.....
Germany	Apr. 16, 1922	May 6, 1921	Oct. 12, 1925	Apr. 24, 1926
Great Britain	Feb. 1, 1924	Mar. 15, 1921	.....	.....
(terminated)	May 27, 1927	May 27, 1927	.....	.....
Italy	Feb. 7, 1924	Sep. 2, 1921	Feb. 7, 1927	.....
Norway	Feb. 13, 1924	Dec. 26, 1921	Dec. 15, 1925	.....
Austria	Feb. 25, 1924	Dec. 7, 1921	.....	.....
Greece	Mar. 8, 1924	.....	June 23, 1926	.....
Sweden	Mar. 15, 1924	.....	Mar. 15, 1924	.....
Hedjaz	Mar. 30, 1924	.....	.....	.....
Czechoslovakia .....	.....	June 5, 1922	.....	.....
China	May 31, 1924	.....	.....	.....
Denmark	June 18, 1924	Apr. 23, 1925	.....	.....
Mexico	Aug. 4, 1924	.....	.....	.....
Hungary .....	.....	Sep. 18, 1924	.....	.....
France	Oct. 28, 1924	.....	.....	.....
Japan	Jan. 20, 1925	.....	.....	.....
Uruguay	Aug. 24, 1926	.....	.....	.....

ANNEX II

TURKISH-SOVIET TREATY OF NEUTRALITY AND FRIENDSHIP*

December 17, 1925

The Government of the Union of Soviet Socialist Republics and the Government of the Turkish Republic, recognizing that the interests of the two Contracting Parties require definition in exact terms tending to the strengthening of stable and normal relations between them and the friendship uniting them, have appointed in view of this George Chicherin, the Commissar for Foreign Affairs of the U. S. S. R., and Tewfic Rushid Bey, Minister of Foreign Affairs of the Turkish Republic, who have agreed on the following points.

ARTICLE 1.—In the event of military action directed against either of the Contracting Parties on the part of one or several other countries, the other Contracting Party undertakes to remain neutral in relation to the first.

Note. The expression "military action" does not apply to military manoeuvres, which do not occasion any losses to the other party.

ARTICLE 2.—Each Contracting Party undertakes to restrain from any attack against the other party and not to participate in any alliance or agreement of a political character with one or more third Powers directed against the other Contracting

Party. Moreover, each Contracting Party undertakes not to participate in any hostile act on the part of one or several powers against the other Contracting Party.

ARTICLE 3.—The present agreement will enter into effect immediately after its ratification and will remain in force for a term of three years. At the end of three years the present agreement shall automatically be prolonged annually if neither Contracting Party expresses six months before the expiry its desire to declare it void.

Signed in Paris, December 17, 1925.

Signatures:

CHICHERIN

T. RUSHID

Protocol 2. (Appended)

The two Contracting Parties understand that the expression "of political character" used in Article 2 of the present agreement, is to be interpreted as including all financial and economic agreements between any powers directed against one of the Contracting Parties.

*See Supplement, Bulletin of International News, January 11, 1926.

LITHUANIAN-SOVIET TREATY OF NEUTRALITY AND FRIENDSHIP*

September 28, 1926

The Central Executive Committee of the Union of Soviet Socialist Republics on the one hand, and the President of the Lithuanian Republic on the other hand, convinced that the interests of the peoples of the Union of Soviet Socialist Republics and of Lithuania demand continuous cooperation based on mutual confidence, and desirous of contributing, within the limits of their power, to the maintenance of general peace, have agreed to conclude a treaty for the development of the friendly relations existing between them, and have designated for this purpose as their plenipotentiaries: . . . (list omitted)

ARTICLE 1.—The Treaty of Peace concluded between Russia and Lithuania at Moscow on July 12, 1920, all stipulations of which remain in full force and are irrevocable, continues to form the basis of the relations between the Union of Soviet Socialist Republics and the Lithuanian Republic.

ARTICLE 2.—The Union of Soviet Socialist Republics and the Lithuanian Republic undertake reciprocally to respect, under all circumstances, the sovereignty, territorial integrity, and inviolability of their frontiers.

ARTICLE 3.—The Two Contracting Parties undertake to refrain from any aggressive actions directed against one another.

In case one of the Contracting Parties, despite its peaceful attitude, should become the object of an attack on the part of one or more third Powers, the other Contracting Party undertakes not to give support to such Power or Powers in the conflict against the Contracting Party attacked

ARTICLE 4.—In case one or more third Powers should conclude a political agreement directed against one of the Contracting Parties; or in case of a conflict of the nature envisaged in Article 3, paragraph 2; or, finally, in case one of the Contracting Parties, not being engaged in armed conflict, a coalition of third Powers be formed with the object of establishing an economic or financial boycott against that Party, the other Contracting Party will not participate in such an agreement or join such a coalition.

Articles 5, 6 and 7 omitted.

The original act is drawn up and signed at Moscow in two copies, on September 28, 1926.

G. V. CHICHERIN.
SERGE ALEXANDROVSKI.
MIKOLAS SLYAZHEVICHYUS.
YURGIS BALTRUSHAITIS.

The following notes were exchanged at the time of the signature of the treaty.

To Mikolas Slyazhevichyus, Prime Minister, Minister of Justice, and Acting Minister of Foreign Affairs of the Lithuanian Republic.

Moscow, September 28, 1926.

Mr. Minister:

In connection with the agreement signed today between the U. S. S. R. and the Lithuanian Republic, I have the honor to inform you of the following:

Invariably guided by the desire to see the Lithuanian, as well as any other people independent, a desire frequently expressed by the Government of the U. S. S. R. in its declarations and in particular in connection with the note of the Soviet Government of April 5, 1923, addressed to the Polish Government; and guided by the sympathies which the fate of the Lithuanian people calls forth in the public opinion of the laboring classes of the U. S. S. R., the Soviet Government declares that the fact of the violation of the Lithuanian frontiers that took place against the will of the Lithuanian people has not altered the attitude of the Soviet Government in connection with the territorial sovereignty determined by Article 2 and annexed remark to the Treaty of Peace concluded between Russia and Lithuania on July 12, 1920.

I have, etc.

GEORGE CHICHERIN.

In reply to the note of Mr. Chicherin, Mr. Slyazhevichyus, in a note dated September 28, stated that the Lithuanian Government had taken cognizance of the note of Mr. Chicherin.

To George Chicherin, the People's Commissar for Foreign Affairs of the Union of Soviet Socialist Republics.

Mr. People's Commissar:

In connection with the signature today of the agreement between Lithuania and the Union of Soviet Socialist Republics, I have the honor to state the following in the name of the Lithuanian people:

1. The two Governments have discussed the questions of principle resulting from the membership of Lithuania in the League of Nations. The Lithuanian Government, in the negotiations connected with the conclusion of the present agreement and in its signature, was convinced that the principle established in Article 4 of the present agreement, relating to non-participation in political agreements that might be concluded between third Powers and directed against one of the Contracting Parties, can not interfere with the fulfilment of the obligations imposed on Lithuania by the Covenant of the League of Nations.

2. The Lithuanian Government is convinced that the membership of Lithuania in the League

*See Supplement Bulletin of International News, November 1, 1926.

of Nations can not be an obstacle to the friendly development of relations between Lithuania and the Union of Soviet Socialist Republics.

3. At the same time the Lithuanian Government holds the opinion that, in view of the geographical position of Lithuania, the obligations resulting for Lithuania from her membership in the League of Nations which, according to its basic idea; is to regulate international controversies in a peaceful and just manner, can not encroach upon the desire of the Lithuanian

people to strive for neutrality, a policy which corresponds best with her vital interests.

I have, etc.

MIKOLAS SLYAZHEVICHYUS,
Prime Minister, Minister of Justice,
Acting Minister of Foreign Affairs
of the Lithuanian Republic.

In reply to the note of Mr. Slyazhevichyus, Mr. Chicherin, in a note dated September 28, stated that the Soviet Government had taken cognizance of it.

GERMAN-SOVIET TREATY OF NEUTRALITY AND FRIENDSHIP*

April 24, 1926

The German Government and the Government of the Union of Socialist Soviet Republics, inspired by the desire to do everything that can contribute to the maintenance of general peace, and in the conviction that the interest of the German people and of the peoples of the Union of Socialist Soviet Republics demands that cooperation between them shall be continuous and mutually trusting, have agreed to strengthen the friendly relations existing between them by a special Treaty, and for this purpose have nominated as plenipotentiaries: . . . (list omitted).

ARTICLE 1.—The basis of the relations between Germany and the Union of Socialist Soviet Republics remains the Treaty of Rapallo.

The German Government and the Government of the Union of Socialist Soviet Republics will remain in friendly touch with one another in order to promote an understanding with regard to all questions of a political and economic character mutually affecting their two countries.

ARTICLE 2.—Should one of the contracting parties, in despite of its peaceful attitude, be attacked by a third party or by several third parties, the other Contracting Party will observe neutrality during the entire duration of the conflict.

ARTICLE 3.—Should, as the result of a conflict of the kind mentioned in Article 2, or even at a time in which neither of the Contracting Parties is involved in warlike affairs, a coalition be formed between third parties for the purpose of imposing upon one of the Contracting Parties an economic or financial boycott, the other Contracting Party undertakes not to adhere to such coalition.

ARTICLE 4.—This Treaty is to be ratified and the deeds of ratification are to be exchanged in Berlin.

The Treaty comes into force with the exchange of the deeds of ratification and is valid for the period of five years. The two Contracting Parties will come to an understanding in good time before the expiry of this period as to the form their political relations may take in the future.

The plenipotentiaries have signed this agreement done in duplicate, in Berlin on April 24, 1926.

(Signed) STRESEMANN.
KRESTINSKY.

Foreign Office, Berlin,
April 24, 1926.

To the Ambassador of the Union of Socialist Soviet Republics in Germany, M. Krestinsky, Berlin.

With reference to the negotiations upon the treaty signed today between the German Government and the Government of the Union of Socialist Soviet Republics, I have the honor to make the following observations in the name of the German Government:

(1) In the negotiations and signature of the Treaty, both Governments have concurred in the assumption that the principle laid down by them in Article 1, paragraph 2, of the treaty, of reaching an understanding on all questions of a political and economic character jointly affecting the two countries, will contribute considerably to the maintenance of general peace. In any case, the two Governments will bear in mind in their deliberations the need for the maintenance of the general peace.

(2) In this spirit also the two Governments have approached the fundamental questions which are bound up with the entry of Germany into the League of Nations. The German Government is convinced that Germany's membership of the League cannot constitute an obstacle to the friendly development of the relations between Germany and the Union of Socialist Soviet Republics. The League of Nations is designed, according to the basic idea of its foundation, for the peaceful and equitable settlement of international disputes. The German Government is determined to collaborate in the realization of this idea to the best of its ability. If, however—though the German Government does not anticipate this—there should at any time take shape within the framework of the League, contrary to that fundamental idea of peace, any efforts directed exclusively against the Union of Socialist Soviet Republics, Germany would most energetically oppose such efforts.

(3) The German Government proceeds from the point of view that this fundamental line of German policy with regard to the U. S. S. R. cannot be prejudiced by a loyal observation of the duties incumbent on Germany after her entrance into the League of Nations under Articles 16 and 17 of the Constitution of the League of Nations concerning the application of sanctions. According to these articles, the question of applying sanctions against the U. S. S. R. irrespective of other considerations

*See Supplement, *Bulletin of International News*, May 10, 1926, with exception of paragraphs 3 and 4 of Stresemann note of April 24, 1926 to Soviet Ambassador, taken from *Russian Review*, June, 1926, p. 146.

could arise only in the case that the U. S. S. R. would start an aggressive war against a third country. In this connection it must be borne in mind that the question as to whether in an armed conflict with a third country the Soviet Union is the attacking party, could be decided with binding power with regard to Germany only with Germany's agreement, and that thus an accusation brought forth in this respect against the U. S. S. R. by the other countries, if considered as unfounded by Germany, will not bind Germany to take part in the measures undertaken on the basis of Article 16. With regard to the question whether Germany can in general take part in the application of sanctions and to what extent it can do so in a concrete case, the German Government refers to the note of December 1, 1925, concerning the interpretation of Article 16, which was handed to the German delegation simultaneously with the signing of the Locarno pact.

(4) In order to create a solid basis for the smooth settlement of all questions arising between them, both governments consider it convenient to start immediately negotiations concerning the conclusion of a general agreement for the peaceful settlement of conflicts which might arise between the two parties, particular attention being directed to the possibility of applying arbitration and mediation methods. (Signed) G. STRESEMANN.

Embassy of the Union of Socialist
Soviet Republics, Berlin.

April 24, 1926.

Your Excellency:

In acknowledging receipt of the Note which you

have addressed to me with regard to the Negotiations on the Treaty signed today between the Government of the Union of Socialist Soviet Republics and the German Government, I have the honor to make the following reply in the name of the Union of Socialist Soviet Republics:

(1) Both Governments during the negotiations and the signing of the treaty have proceeded in the assumption that the principle of an understanding laid down by them in Article 1, paragraph 2, of the Treaty, with regard to mutual political and economic questions in both countries, shall in the main contribute to the preservation of the general peace. In any event, both Governments will be guided in their discussions by the essential need for preserving the general peace.

(2) The Government of the Union of Socialist Soviet Republics takes note of the explanation contained in Numbers 2 and 3 of your Note concerning the principal questions which are connected with Germany's entry into the League of Nations.

(3) In order to create a secure basis for disposing without friction of all questions arising between them, the two Governments regard it as desirable that they should immediately embark upon discussions for the conclusion of a general treaty for the peaceful solution of any conflicts that may happen to arise between the two parties, when special attention shall be given to the possibilities of the process of agreement and arbitration.

(Signed) KRESTINSKY.

